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INNOVATIVE EXPERIENCES OF CITIES IN

SOUTH-SOUTH COOPERATION

IN CROSS-BORDER E-COMMERCE AND DIGITAL INNOVATION

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ABBREVIATIONS

AI	Artificial Intelligence
ASEAN	Association of Southeast Asian Nations
BRICS	Brazil Russia India China South Africa
CASS	Chinese Academy of Social Sciences
CATIS	China Association of Trade in Services
CICETE	China International Center for Economic and Technical Exchanges
FINTECH	Financial Technology
IFC	International Finance Cooperation
IT	Information Technology
ITC	International Trade Centre
ICT	Information and Communications Technology
SDG	Sustainable Development Goal
SME	Small and Medium Enterprise
SSTC	South-South and Triangular Cooperation
UNCTAD	The United Nations Conference on Trade and Development
UNOSSC	The United Nations Office for South-South Cooperation

FOREWORD

Mr. Zhang Wei, Chief Advisor of China Association of Trade in Services

The world is undergoing a profound transformation that is certain to shape the future of the global economy in the coming years. Countries are faced with unprecedented challenges brought about by the COVID-19 pandemic: widespread health risks; the global economic downturn; shattered global trade; decimated social and economic safety nets; etc. The international system is striving to cope with these challenges through constant innovations and quick adaptations.

Concerns over infections, coupled with official government lockdown policies and travel restrictions, have forced people to change their social interactions and to adapt to the new circumstances. These issues have also had direct and indirect bearing on both domestic and international trade. International trade almost came to a halt, while domestic commerce in many countries still struggles to adapt to the new challenges. At the same time, traditional markets and businesses in many countries curtailed business activities.

These challenges have given rise to an increased focus on e-commerce, digitalized transactions and other innovations, both domestically and internationally. As a new form of international trade, cross-border e-commerce has significantly helped to expand the scale of transactions and trade exchanges. In this sense, the COVID-19 pandemic has shown the importance of furthering cross-border e-commerce and accelerating other digitalized transactions and innovations. Indeed, the growing adoption and expansion of cross-border e-commerce are proving to be effective in improving trade facilitation and promoting trade benefits for all. At the same time, e-commerce is playing a key role in helping close the digital divide between countries and regions around the world.

While the COVID-19 pandemic has brought about numerous daunting challenges, it also offers unprecedented opportunities for e-commerce and other digital innovations to take root and to expand beyond national borders. This implies that

the global economy is set to witness some major transformations. These transformations will stem from the rapid evolution and the growing use of information and communications technologies (ICT), which is also expected to help boost post-pandemic recovery efforts.

This report presents experiences of cities in the global South in cross-border e-commerce and digital innovations for sustainable development in the context of South-South and triangular cooperation. Cities and local governments have been playing a leading role in advancing innovative, collaborative and evidence-based strategies for e-commerce and digital development that boost local and cross-border trade. Thus, e-commerce and digitalization are taking root at the city level, with the potential of spilling over and accelerating development processes at sub-national and national levels.

This report recognizes the potential mentioned above and encourages stakeholders to support these efforts. It also disseminates some of the cumulative knowledge and experiences of cities in the global South in line with the principles of South-South and triangular cooperation. A central aim of the report is to share this knowledge and the accompanying experiences with other cities in the global South so that they might gain innovative concepts and ideas for their arsenal of active responses to the various challenges brought about by the global pandemic and economic setbacks in general. Current challenges include a reduction in trade volumes, a decline in foreign direct investment, a reduction in demand for consumer goods and falling commodity prices.

The report, in specific, hopes to be part of the accumulation of knowledge products for capacity building initiatives in e-commerce within South-South and triangular cooperation and, along with the webinars that fed this report, serves to expand the project partnership base of the UNOSSC Cities Project.

EXECUTIVE SUMMARY

In 2020, the webinar series on "South-South and Triangular Cooperation Among Cities on Cross-border E-commerce and Digital Innovation for Sustainable Development" were jointly organized by UNOSSC and CATIS under the Cities Project framework. The series focused on facilitating South-South mutual-learning and knowledge-sharing among cities and development partners in developing cross-border e-commerce and harnessing digital innovation in achieving the SDGs.

The 15 webinars under the series engaged 55 high-calibre speakers from various sectors, including UN agencies, municipal governments, provincial governments, national governments, NGOs, the private sector, and research institutes; and presented innovative experiences from a number of cities, including Chongqing City, Guangzhou City, Hangzhou City, Henan Province, Nanjing City, Ningbo City, Qingdao City, and several countries, including Belarus, Benin, Brazil, Canada, India, New Zealand, South Africa and the United States.

This report aims to present a summary of the case studies shared by the speakers during the webinar series. It is also developed with an objective to eventually contribute towards establishing an online repository of knowledge and a community of practice of policy makers, practitioners and researchers in promoting e-commerce and digital innovation.

Overall, the report is of the view that, in recent years, cross-border e-commerce, as a new form of international trade, continues to expand the scale and reach of transactions. The cultivation of cross-border e-commerce has not only become an effective way to improve trade facilitation and promote trade benefits for all but has also helped to narrow the digital divide among countries globally. The e-commerce landscape continues to be dominated by technology giants, and Asia-Pacific and North America lead the regional totals for both retail and wholesale e-commerce sales. Africa provides excellent examples of how e-commerce has flourished during the pandemic. The Latin America region is somewhat lagging when it comes to cross-border e-commerce flows but has potential for growth. As the only major economy that recorded positive GDP growth in 2020, China has great potential to assist countries experiencing challenges in e-commerce and cross-border e-commerce under the framework of South-South and triangular cooperation. Challenges arising with the COVID-19 pandemic include reductions in trade volumes, decline in foreign direct investment, reduced consumer demand for goods, falling commodity prices and a general economic decline for vulnerable Southern countries. The report contends that although a big gap can be seen between different countries and sectors in terms of the COVID-19 of digital infrastructure for e-commerce, the COVID-19 pandemic has created immense opportunities for e-commerce to grow internationally.

Thirteen innovative experiences of regions, countries, cities and local administrations from across the global South were featured in this report, with their unique local contexts, solutions and impacts highlighted. For example, the case of the **African Continental Free Trade Area (AfCFTA)** sheds light on the potential for Africa to be the next giant e-commerce market; the case of **Belarus** demonstrates the importance of custom unions in cross-border e-commerce; the **Benin and West Africa** accentuates e-commerce business opportunities in the agriculture sector; the Brazil and Latin America example takes stock of current potential and major obstacles in advancing cross-border e-commerce in the country and region; **China** presents the immense potential of cross-border e-commerce as a global opportunity for COVID-19 recovery and innovation in the global South. **Chengkou County of the Chongqing City, China** showcases how tourism and e-commerce and their integration can serve as a path out of poverty, with narrations of a local farmer's success story; the case of Guangzhou City, China offers a bird's eye view of systematic services for cross-border e-commerce powered by the municipal government; **Hangzhou City, China** presents an example of a world-class e-commerce urban center; the case of **Zha Lan Tun County in Hulunbuir, Inner Mongolia, China** explores rural e-commerce development in less developed regions. **Kolkata and other Indian cities** introduce how e-commerce and digital innovation were utilized for addressing the COVID-19 pandemic in different cases, especially religious festivals; the case of **Qingdao City, China** highlights financial and funding aspects of growing e-commerce; Tianjin City, China underscores port efficiency as a crucial competitiveness factor for cross-border e-commerce; **Zhengzhou City, China** showcases how its strong logistics services have enabled prosperous cross-border e-commerce development in the city and the region.

In view of the above, the report suggests the following:

- (1) proactive and innovative government policies which require not only visionary and ambitious leadership but also strategic partnerships through South-South and triangular cooperation;
- (2) effective public-private partnerships under the guidance of South-South cooperation principles;
- (3) cooperation/collaboration beyond national borders in cross-border customs regulations, tax policies, industrial policies; consumer-protection mechanisms across borders; and related lawlike digital signatures and intellectual property rights; and
- (4) cooperation among cities and local governments in both the South and North through the guidelines of South-South and triangular cooperation.

In addition, the report pinpoints actions to take to further advance South-South cooperation with China in e-commerce, including to enhance target-oriented knowledge transfer and capacity building, to enhance bilateral cooperation in the creation of cross-border e-commerce pilot zones, and to establish an international e-commerce technical assistance and investment platform.

INTRODUCTION

The COVID-19 pandemic has negatively impacted and continues to affect both domestic trading practices and international trade alike (UNCTAD, 2020). The outbreak of COVID-19 has dramatically changed the way consumers use e-commerce and digital solutions. The pandemic has accelerated the shift toward a more digital world with e-commerce playing an ever more important role in job creation, the strengthening of supply chains and the supply of medical equipment. Some countries are making substantial progress and strides in promoting e-commerce (e.g., China and Germany); while others (mainly the least developed countries) need additional support in terms of ideas, innovative experiences, digital technologies, financial resources and investments (UNCTAD, 2020). In crisis, countries, including those among Southern countries, need to promote cooperation more than in "normal" times, which requires varying degrees of intervention, policy and incentive.

The United Nations Office for South-South Cooperation was established up to promote, coordinate and support South-South and triangular cooperation globally and within the United Nations system. Together with the China Association of Trade in Services (CATIS) and the China International Center for Economic and Technical Exchange (CICETE), UNOSSC prepared this report to identify international innovative experiences to help promote and strengthen both domestic and cross-border e-commerce.

E-commerce is a business model that includes many forms of digital innovations. It continues to evolve and adapt to changing dynamics. E-commerce needs legal and regulatory frameworks from governments and a main facet is digital payment which requires strong involvement of the banking industry. E-commerce also relies on telecommunication technologies and internet accessibility as well as fundamental infrastructure elements, such as electricity, warehouses, ports, railways and roads, just to name a few. In general, e-commerce is the mirror image of the development level of the digital economy of a particular country. It is also a benchmark for future sustainable economic development, due to the fact that technologies like Artificial Intelligence (AI), the Internet of Things, blockchain, robots and drones will require applications to run in the e-commerce industry.

Cross-border e-commerce is even more complex, as it includes customs, inspections, cross-border financing and exchange policies, all of which have to be added to domestic e-commerce. The impact of digitalization on trade can be seen in trade statistics. Exports that are digitally deliverable increased substantially across all regions during 2005–2018, with the highest growth rate in developing countries, especially in Asia (Kituyi M., 2020). However, many developing countries are still being held back by limited digital readiness. As shown by eTrade Readiness Assessments conducted by the United Nations Conference on Trade and Development (UNCTAD), in 27 least developed countries, gaps and barriers were found in several policy areas, ranging from ICT infrastructure and payment solutions to skills and legal frameworks (UNCTAD, 2019).

E-commerce and digitalization take root at the city level, and the spillover effects will have tremendous potential to accelerate digitalization at sub-national and national levels. As such, there is a need for cooperation among cities and local governments to strengthen cross-border e-commerce in developing countries. In fact, this call for cooperation among cities and local governments to strengthen cross-border e-commerce in Southern countries is in line with the latest outcome document of the second High-level United Nations Conference on South-South Cooperation (BAPA+40, March 2019). This document highlighted the significant role of South-South Cooperation at sub-national levels for sustainable development. In the past, UNOSSC had successfully promoted e-commerce cooperation through its Cities Project, which aimed to promote South-South and triangular cooperation at the city level, taking advantage of the strategic opportunities offered by China's Belt and Road Initiative in advancing the Sustainable Development Goals (SDGs).

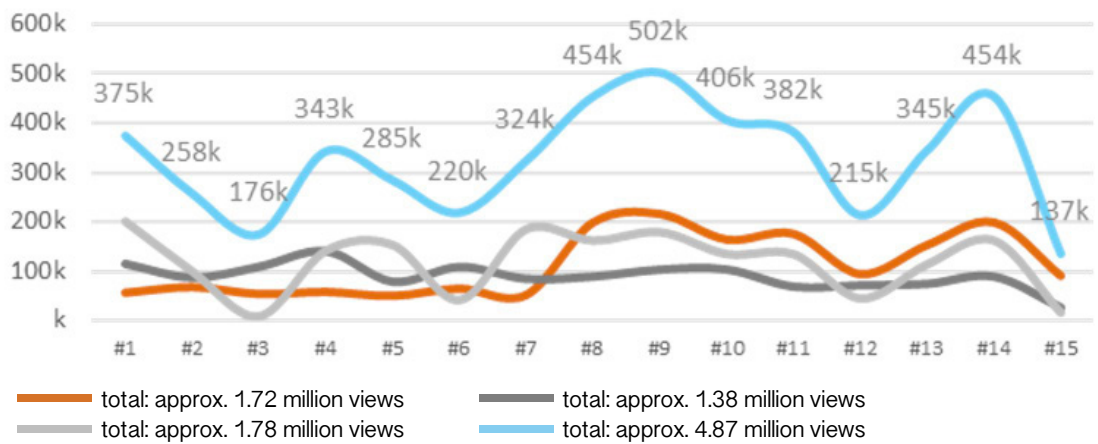
Between August and December 2020, UNOSSC organized 15 webinars to enhance the capacity of participants to develop cross-border e-commerce and harness digital innovations to achieve the SDGs and to facilitate a speedy recovery from the COVID-19 pandemic. The webinars facilitated partnership brokering among participants and engaged them to undertake South-South and triangular cooperation in the area of cross-border e-commerce. Collaboration opportunities were identified with potential pilot cities and the establishment of an e-commerce city cluster under the framework of the UNOSSC Cities Project was accelerated. These events also fed into the creation of this knowledge product on South-South and

triangular cooperation in e-commerce among cities and expanded the partnership base of the UNOSSC Cities Project. Webinar speakers came from a broad coverage of countries, institutions and experts (see Attachment 1 List of Speakers). A diverse and exhaustive list of topics related to e-commerce and cross-border e-commerce was covered.

China is a pioneering country with respect to global e-commerce, with a regulatory framework, technologies, years of practical experience and more than 710 million digital buyers (Ma Y., 2020). Thus, it was deemed appropriate for the Chinese institutions the China Association of Trade in Services (CATIS) and the China International Center for Economic and Technical Exchanges (CICETE) to provide strong support for the organization of these webinars. They helped bring together many Chinese cross-border e-commerce pilot zones and speakers to participate. The results were effective and fulfilled the purposes of the webinars.

From Webinar 1 to Webinar 15, 4,874,930 views were recorded through three live broadcast platforms and fourteen media outlets. An audience of 1,500 participants (51 percent female) based in more than 200 cities and urban areas from 56 countries completed the post-webinar survey. Among the respondents, 1,352 (91 percent) indicated that their knowledge on cross-border e-commerce increased, while 1,425 indicated they absolutely will collaborate with the Cities Project when possible. In addition, 15 indicated that they brokered partnerships because of the webinars. Playbacks received more than 1,780,447 views and speakers' slides were downloaded 249 times (see Figure 1).

Figure 1: Number of views per webinar (2020)



Source: CATIS internal M&E data.

In this publication, innovative experiences are highlighted to help readers understand how e-commerce can be done successfully, how city and country planners in the global South can identify their comparative advantages in the digital era and how to implement strategies more smoothly. The webinars and this accompanying publication are not just ideas for consideration. They offer insights to elicit support from advanced e-commerce cities in capacity training for sustainable development. This publication also serves as guidance for international partnerships and projects, especially in the context of the South-South and triangular cooperation framework within the UNOSSC Cities Project.

The structure of the publication is as follows: following an overview of the landscape of e-commerce globally and regionally in Chapter I, impact stories are presented in Chapter II in alphabetical order. Each story consists of two parts: challenges and solutions. The stories provide innovative ideas, insights, experiences and knowledge. The most important aspect of this publication is that the report reflects on key lessons learned and the potential of South-South and triangular cooperation among cities in e-commerce and digital innovation for the implementation of the SDGs and the 2030 Agenda for Sustainable Development. Based on these lessons learned, policy recommendations for South-South cooperation and cross-border e-commerce development are put forward in Chapter III.



Chapter I:

THE GLOBAL AND REGIONAL DIGITAL LANDSCAPE

1. Unbalanced Development and Digital Gaps

The world economy is transforming due to the rapid evolution and growing use of information and communications technologies (ICTs). The rapid growth in the aggregation of digital data has been accompanied by an expansion of new business models, mainly being digital platforms (UNCTAD, 2019). As one of the components of the digital economy, e-commerce allows consumers to benefit from greater choices and lower prices.

Unfortunately, the development of e-commerce is extremely unbalanced globally. China, with the largest number of online shoppers (610 million), is solidifying its lead position in terms of business-to-customer sales (UNCTAD, 2020) and the United States and other developed countries are also experiencing significant growth (Lipsman and Liu, 2020). Africa has taken huge steps forward in e-commerce and e-commerce-related digital innovations, but still remains less developed compared to those lead countries (Chevalier, 2020). Despite potentials for growth, the Latin America region lags behind other Southern regions when it comes to e-commerce.

A 2019 report from UNCTAD on the digital economy presents data showing that China and the United States accounted for 90 percent of the largest 70 digital companies in the world, while Europe accounted for four percent and Africa and Latin America accounted for one percent.

An important aspect of digital innovations that arose in 2020 was the ability of those countries advanced in digitalization to provide many tools to support regional and national prevention and containment measures and protocols in the fight against the global COVID-19 pandemic. Digital platforms provided the mechanisms for bringing together market stakeholders to interact online, such as for restaurants to swiftly connect their businesses with take-away and food delivery platforms and for in-person banking services to be replaced by internet and mobile banking. Even hospitals and pharmacies were able to reduce in-person visits by providing alternative online services, such as telehealth and delivery systems (Centers for Disease Control and Prevention, 2020).

However, large digital gaps still exist between countries and among areas within countries and sectors. This includes the gap between developed countries with good digital infrastructure and least developed countries with poor digital infrastructure (e.g., electricity, internet connectivity and affordability) and the gap between areas within a country with good electricity (allowing internet accessibility) and areas with poor and/or inadequate electricity (thus limited internet accessibility).

2. Dynamic Development of E-Commerce Domestically and Internationally in the Context of the COVID-19 Pandemic

The COVID-19 pandemic has had huge negative impacts on socio-economic and political developments internationally and will continue to do so for the foreseeable future. Fear of infections has led to increased social distancing and other policies aimed at stemming the tide of transmission. Necessary lockdown policies of many governments across the world have been instituted to bring about a sharp reduction in transmission, infection and mortality rates.

Under lockdown, traditional forms of trading suffered extensive losses. Domestically, access to supermarkets and stores was limited and markets, restaurants and bars were closed, among other limitations on businesses. Additionally, international private sector investment flows to developing and transitioning economies in sectors relevant to sustainable development goals were on course to fall by about one-third in 2020 because of the COVID-19 pandemic (UNCTAD, 2020).

As with the Severe Acute Respiratory Syndrome (SARS) epidemic in 2003 which helped encourage and promote e-commerce in China, COVID-19 has created enormous opportunities for e-commerce to grow worldwide.

Technologies used for e-commerce, such as close-contact systems, open-source AI tools and public data, have been valuable tools in the fight against the COVID-19 pandemic. Big data analysis tools analyze potential infection risks, including the traceability of an infected person to potentially infected persons (Chan T., Lang N., Modi S., Tang T., and Szczepanski K., 2020). Many of these tools are helping governments to manage COVID-19 containment measures and protocols more efficiently. Schooling from home, digital work and other forms of remote work help people to continue their life as “normal” as they endure the global health crisis.

Africa provides a good example of how e-commerce has flourished during the COVID-19 crisis. Regions and cities with existing digital infrastructure, i.e. fiber optic networks, high-speed broadband networks, commercial IP connections, utility poles and underground conduits, are experiencing booming e-commerce development, allowing traditional transaction forms to be replaced easily and rapidly.

3. Technology Giants and China's Contributions

The e-commerce landscape is dominated by technological giants. E-commerce companies, such as Amazon and eBay in the United States and Europe, Alibaba and JD in China and Jumia in Africa, were flourishing prior to the emergence of the COVID-19 pandemic. The countries and regions housing these large e-commerce companies were experiencing significant growth in e-commerce domestically and moving increasingly more toward cross-border e-commerce.

As noted above, during the COVID-19 crisis, in many countries e-commerce replaced the traditional way of trading. This new change is reflected in the market value of the listed e-commerce companies, with big digital companies, like Microsoft, Apple, Google, Amazon and Facebook, seeing value growth of more than 30 percent in 2020.

Figure 2: Market values per company



Source: page 18 of Webinar #12 PPT. Available at: <https://share.weiyun.com/EXqVQIF8>. See also: 00:32:57-00:34:28 of recording of Webinar #12, available at <https://cloud.tencent.com/edu/learning/live-3279>.

The position of China, already an important global player, was strengthened further during the 2020 pandemic. Other Asian countries, particularly within the Association of Southeast Asian Nations (ASEAN), also witnessed significant growth in e-commerce. Both domestic and cross-border trading statistics show a quadrupling of e-commerce in the ASEAN region, representing a 62 percent compounded annual growth rate over the past three years (Australian Government, 2019).

As of January 2021, China showed its strong resilience during the COVID-19 crisis in terms of short-term and long-term economic recovery (Gong, et. al, 2020). Chinese production capacity was able to provide necessary products to rapidly help get daily life back to normal. China was the only major economy that recorded positive GDP growth in 2020 (Cheng J, 2021). Digital technology, especially innovations around e-commerce, brought back Chinese production rapidly. With a digital economy valued at \$2.3 trillion, making up 57 percent of global online sales, China's e-commerce sector is rising to meet the challenges of the coronavirus outbreak and economic recovery (Li and McElveen, 2020).

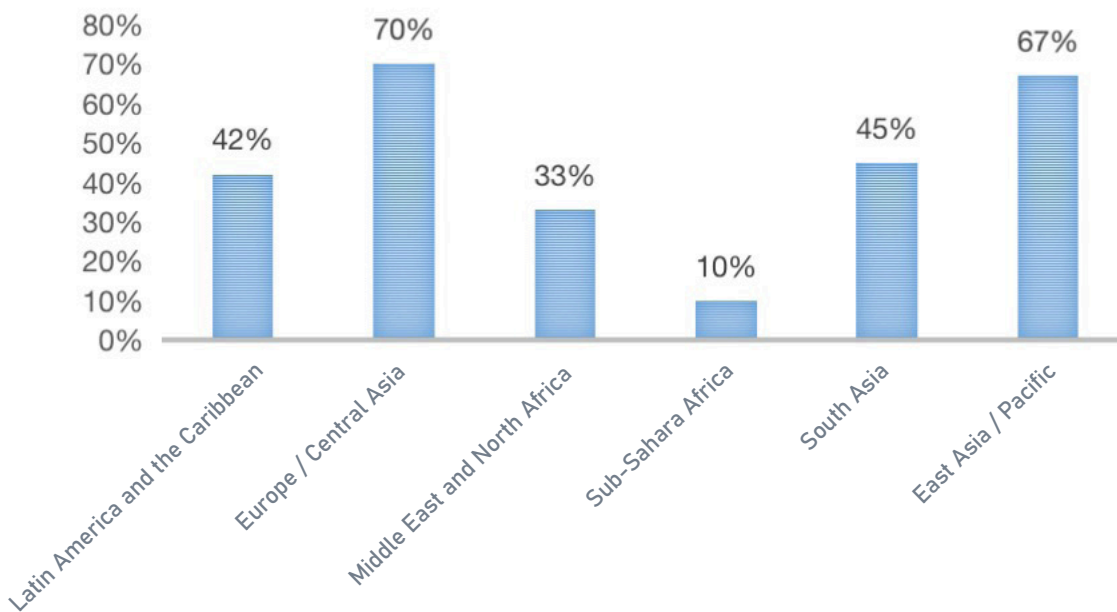
4. Requirements for Enhanced Digital Growth and Development

Three main factors are needed to continue to support the growth of e-commerce businesses. The first is appropriate infrastructures, in the form of reliable electricity, telecommunication services and internet accessibility at an affordable price. The second is digital payment capacity, including relevant banking services, such as money deposits, withdrawals and transfers, loan management, bill pay and account services (Proctor, 2019). The third is efficient logistics, including mega e-fulfillment centres, parcel hubs, parcel delivery centres and seamless integrated technology where shopping carts connect to transportation management via application programming interface (API), web XML or other types of connections (Robinson, 2020). So far, e-commerce and cross-border e-commerce are businesses mainly driven by innovative enterprises.

Cross-border e-commerce is even more complicated than domestic e-commerce. Experience in regulations, management of ports, warehouse management in bonded areas and domestic logistics are all important prerequisites. Cross-border e-commerce requires regulatory frameworks and open markets for global governance and updated national policies in customs, taxation and inspections (UNESCAP, 2019).

Despite recent progress made, Africa still requires significant infrastructure investments to improve universal access to digital infrastructure (OECD/ACET, 2020). Nearly 300 million African people live more than 50 kilometres away from a fiber or cable broadband internet connection (ITU/UNESCO, 2019). The cost of closing the digital divide in Africa is estimated at approximately \$100 billion or \$9 billion a year, which would include laying out at least 250,000 kilometers of fiber optic cable across the region (ITU/UNESCO, 2019).

In 2019, approximately three billion people across the world (aged 10 years and above), the highest percentage of which are in Africa (see Figure 3), were still unconnected to broadband (International Telecommunication Union, 2020).

Figure 3: 4G broadband penetration in 2019 (based on unique users)

Sources: Estimates based on GSMA and United Nations population data, with Xalama analysis (International Telecommunication Union, 2020).

In Latin America, existing e-commerce is underdeveloped but at the same time has great potential for growth. E-commerce expansion in the region requires changing the mindsets of people, increasing policy support for e-commerce and making improvements in infrastructure and financial services. Such growth is important especially to deal effectively with crises, such as COVID-19 (UNCTAD, 2020).

5. China's Important Role and its Potential to Support Southern Actors within the Framework of South-South Cooperation

China, with its immense experience, can exchange with other countries of the global South in all aspects of e-commerce, and especially with COVID-19-related digital innovation topics, such as digital ecosystems (Chan et. al, 2020). It will be seen in the impact stories that follow in this report that cities like Hangzhou, China, have made huge strides in their development of domestic and international e-commerce, with many facets that can be replicated in other Southern cities.

In fields ranging from technology availability to real business, innovative people with entrepreneurial mindsets are needed in every country of the South. Chinese companies and government institutions have already embarked on various capacity building exercises, technology transfers and sharing of innovative experiences with various Southern countries and regions (Vadell et. al, 2020). More yet can be encouraged.

Although China continues to provide assistance, this should not be in lieu of other efforts taking place across the global South and more that need to be initiated. Additionally, the Chinese market, with its more than 1.3 billion people, has the potential to consume many products from other countries. Countries keen on making substantial progress in turning their economies around following the pandemic could collaborate with China, particularly in the areas of South-South trade and investments, mutual learning and knowledge sharing.

In the following impact stories, this report documents examples of how Chinese cross-border pilot zones are promoting export and import e-commerce. The report outlines how ports increased clearance efficiency significantly and how regions without access to harbours improved competitiveness through a combination of railway networks, smart warehouses and domestic logistic advantages. Examples of pilot zones using data to drive financial services to support small- and medium-sized enterprises in cross-border business opportunities are presented, as well as how some of the most innovative Chinese e-commerce cities are planning and implementing their next generation of e-commerce.

However, it is the responsibility of stakeholders, including international organizations, member states, civil society organizations and the private sector, to be aware of the digital gaps between countries involved in cross-border trade and gaps between communities within a country. The example herein of a remote mountain area in Chengkou County, China, fighting poverty with e-commerce provides inspiration and useful insights.



Chapter II:

INNOVATIVE EXPERIENCES AND IMPACT STORIES

Benin and West Africa: Agriculture and E-Commerce Business Opportunities during the COVID-19 Pandemic

Challenge

The COVID-19 pandemic dominated social and economic life in many countries in 2020, including Benin. Many businesses, such as restaurants and bars, were closed due to the lockdown policy. Enterprises that serviced the food and agriculture industry were disrupted. It is a challenge to ensure the food supply in Benin, and COVID-19 presented even greater challenges. This study demonstrates how e-commerce benefited the country of Benin and the wider West African region during the global pandemic.

Toward a solution

Traditionally, agriculture producers and small traders in Benin preferred physical interaction with their clients and providers. During the time of COVID-19, physical interaction was discouraged by local containment measures, including restrictions on movements and the requirement of regular hand washing. With this change, digital interactions became more important and continue to expand rapidly. The pandemic has created behavioural change in a short time, accelerating the acceptance of e-commerce and other digital innovations.

Likewise, prior to the pandemic, end consumers preferred to do their shopping in person. With COVID-19 restrictions, many end consumers in Benin began getting their food and agricultural products delivered directly to their homes. E-commerce, with its digital payment facility, quickly became more broadly accepted and experienced significant growth. In addition, in many cases business performance improved.

Smart companies adapted quickly to the new situation by changing their business models to end consumer-oriented strategies, including moving sales online and offering home delivery. New partnerships were established, such as the Kenyan example of a partnership between Twiga Foods, which sources food directly from farmers and delivers it to urban retailers, and Jumia, an online marketplace that delivers products to retail customers. The distribution deal between the two companies allowed farmers and manufacturers to send fresh produce directly to urban homes. In general, due to behavioural changes and innovations, the performance of many businesses improved.

As the “new normal” takes hold in 2021 and beyond, those companies that embrace the situation as a big opportunity have a chance to succeed. It is hoped that Benin and the entire West African region will experience the rise of e-commerce, just as China did during the SARS epidemic.

The growth of agriculture e-commerce can be further accelerated if Benin and other West African countries can attract more investment in the areas of logistics, digitalization, customer-base expansion and South-South and triangular trade. The fast growth of e-commerce means not only opportunities for domestic players, but also engagement and investments from outside the region’s borders, which can benefit the local population.

In the framework of South-South and triangular cooperation, leading countries and companies in e-commerce and digital payment can support African partners with digital technologies by sharing digital business experiences and through investments in logistics. To ensure sustainable trade cooperation in the region, further empowerment in agriculture and cross-border e-commerce are crucial to avoid international trade imbalances. In particular, Chinese cities with rich cross-border e-commerce experiences might play a pioneering role.

This impact story is based on the presentation made by Mr. Frejus Thoto, Executive Director, Actions for Environmental and Sustainable Development (ACED), at webinar 14: South-South Cooperation and COVID-19 Responses of Cross-border E-commerce SMEs in Developing Countries, including data and case studies. Webinar recording and PPT slides are accessible at: <https://cloud.tencent.com/developer/salon/live-1294>.

Brazil and Latin America: Big Potential and Obstacles

Challenge

COVID-19 caused significant damage to the Brazilian economy. The Q2 Barometer from the credit insurance and risk management company Coface predicted insolvencies to rise by 44 percent in Brazil (OECD, 2020).

Small- and medium-sized enterprises (SMEs) play an important role in economic growth and social inclusion in Brazil, accounting for 62 percent of total employment and 50 percent of national value added (OECD, 2020). Most importantly, these enterprises employed 60 percent of the informal workforce. As society cannot afford a collapse of SMEs in Brazil, the government launched a financial emergency programme for them, offering to guarantee up to 80 percent of the loans disbursed to SMEs by financial institutions. With this instrument, the government in Brasilia wants to create incentives for financial institutions to support SMEs with credit. But financial support needs to be paid back, and it is only suitable for emergencies. If the COVID-19 crisis lasts longer than expected, SMEs will need additional efforts to survive. Can e-commerce help to decrease the hardships for SMEs?

E-commerce data showed that Brazil's online retail sales were predicted to surpass \$16.7 billion by the end of 2020, accounting for over one-third of the e-commerce market in Latin America (Navarro, 2021). Yet between 2019 and 2023, e-sales in Brazil are estimated to grow at a compound annual rate of two percent, significantly lower than many developing economics around the world (Navarro, 2021).

Three main challenges must be addressed to realize the potential of e-commerce in Brazil. The first is a mindset change. Currently, only 20 percent of transactions are digital. The broader population needs time to accept e-commerce and related digital innovations. The second challenge is a limited capacity in terms of human capital preparedness for the digital economy. The third challenge is a long list of problems of a fundamental nature for e-commerce, such as poor digital infrastructure, flagging cross-border logistics, cumbersome business regulations and expensive cross-border payment solutions.

Toward a solution

South-South and triangular cooperation has the potential to help countries in Latin America to unlock the potential of SMEs for cross border e-commerce. The BRICS countries, of which Brazil is a member, is serving as a platform to promote the exchange of experiences and good practices in the use of digital technologies for the development and support of SMEs. Through this platform, other topics, like measures for digitalization and regulation of the sector, are being discussed, cross-border business incubators are being launched and partnerships on multilateral and bilateral levels are being formed, such as the Brazil-India partnership and the Brazil-China partnership. Initiatives exist to support SMEs with FINTECH and ecosystem solutions, such as InovAtiva Brasil, StartOut Brasil and the National Committee for Startup Support Initiatives (Nazareth I., 2020). The new Development Bank, in particular, has played an important role as a supporter, not only with loans, but also as a platform for countries to exchange solutions and launch joint projects.

This impact story is based on the presentation made by Dr. Karin Vazquez, Associate Professor and Assistant Dean for Global Engagements and Executive Director, Center for Africa, Latin America and Caribbean Studies, O.P Jindal University, India and a Fudan Scholar at the Center for BRICS Studies, Fudan University, at webinar 14 South-South Cooperation and COVID-19 Responses of Cross-border E-commerce SMEs in Developing Countries. Webinar recording and PPT slides are accessible at: <https://cloud.tencent.com/developer/salon/live-1294>.

Belarus: Importance of Customs Unions for Cross-Border E-Commerce

Challenge

International e-commerce is extremely unbalanced. Some countries have huge domestic markets, good digital technology and excellent logistics infrastructures that enable their domestic e-commerce to achieve significant growth, meanwhile creating new business opportunities and new jobs. However, in other countries, domestic markets may be relatively small and digital technology and logistics infrastructures not adequately advanced. Expanding cross-border e-commerce and expanding the market size are important factors for developing e-commerce markets in a country. Conducive customs arrangements are crucial for this development to happen.

The Republic of Belarus is working to enlarge its e-commerce industry, thereby creating new business opportunities and improving consumer welfare. The country understands that a bigger external market size, rather than being limited to the domestic market, can improve opportunities for entrepreneurs and for customers. However, this presents a big challenge for customs in the country. Outlining relevant lessons from the Belarus experience with customs and cross-border e-commerce can be illustrative for other countries dealing with cross-border customs cooperation.

Toward a solution

As previously discussed, in many countries, e-commerce is still in its infancy stage. That means many traditional domestic and international trading mechanisms are still not able to support smooth e-commerce cooperation. Fast and efficient customs processing is crucial for the cost-management of e-commerce companies. But traditional customs methods put more attention on import regulations and less on export regulations. Due to the lack of standardization across countries in customs policy, processes, quality standards and technology tools, qualified products in one country might not meet the measurement criteria of another country, causing unnecessary processing time for customs of the importing country and an even worse situation, losing time and raising costs, for the exporting e-commerce enterprises.

Traditional import-export customs services were designed for trading in large quantities of unique goods, making the measurement of quantity and quality of goods easier. The way of doing e-commerce businesses, especially in business to commerce (B2C) businesses, involves small packages with low value and a wide range of products. The international standard of refund policies requires cost and time efficient customs processing. Data gathering and cross-border information exchanges become important for customs in the cross-border e-commerce era. E-commerce customs has become a competitiveness factor for a country.

For instance, Belarus has been trying to construct a bigger customs union and with the standardization of customs services. In January 2010, a regional customs union of Belarus, Kazakhstan and Russia was established. In 2015, Armenia and Kyrgyzstan joined this union. These five countries are using the same customs provisions for e-commerce.

This standardization of customs services into a larger customs union has made doing cross-border business among these countries much easier. With the rise of e-commerce, these customs union members have formed a high-level international working group of related governmental institutions, like customs services, tax services, finance ministries and foreign ministries. Transparent and updated policy regulations are meeting the needs of cross-border e-commerce traders within these countries.

Known as the Eurasian Customs Union (EACU), the organization is not just serving its member states, but also is in dialogue with the World Customs Organization through the latter's representative in Belgium. With lower costs that have resulted, more small and micro-enterprises can participate in the growing e-commerce opportunities. Customs efficiency also has been significant for the welfare of domestic customers.

However, not all the problems related to cross-border e-commerce can be solved by individual and regional sovereign country actions. Many challenges must be solved at an international level. For example, using new technology and standardized IT infrastructure at a higher level can ensure efficient data gathering, analytics and information exchange among related countries.

This experience from Belarus has shown that cross-border e-commerce requires new ways of thinking about customs services and that one of these is to provide customs services under the guidance of larger standardized customs unions. Transparency and standardization of policies, processes and tools among member states in a customs union can be crucial for the development of cross-border e-commerce. International dialogue and cooperation are likewise important for further development.

In terms of the SDGs, it is important to emphasize that customs efficiency must have strong implications and support for the participation of small and micro-enterprises in cross-border e-commerce, otherwise it can lead to a monopoly. Even though customs unions should be promoted generally, it is still advised to be acutely aware that such strong internal standardizations in cross-country solutions could also lead to exclusive trading blocks making the market entrance of external players more difficult. From the perspective of global welfare, regional solutions should in parallel promote global solutions, in particular being careful to ensure the inclusion of small Southern countries. Also, technology and know-how transfers should be supported, again paying attention to least developed and small global South countries, by international organizations in the framework of South-South and triangular cooperation.

This impact story is based on the presentation made by Mr. Dzmitry Kavalionak, Official Representative of the State Customs Committee in the Embassy of the Republic of Belarus to the People's Republic of China, Counselor of Customs Service the Second Rank, at webinar 13 Interpretation of the World Customs Organization's Framework of Standards in Cross-border E-commerce, including data and case studies. Webinar recording and PPT slides are accessible at: <https://cloud.tencent.com/edu/learning/live-3291>.

Chengkou County, Chongqing City, China: Tourism and E-Commerce as a Path out of Poverty

Challenge

The Qinba Mountains region is one of the most impoverished areas in China. At 7.1 percent, the poverty rate is higher than the national average and the per capita net income of farmers is only 67 percent of the national average (You, Leng and Ding, 2015). Chengkou County is located in the Qinba Mountains region in the northeast corner of the geographically extensive Chongqing Municipality, nearly 400 kilometers away from Chongqing's city center. It is the most remote county in Chongqing Municipality, and it is the only county in the city that has no expressway access. In this remote area, selling local products is a challenge. In the past, disadvantages due to the geographic environment limited Chengkou County's economic development and income sources.

Toward a solution

The Chinese government believes that the economic development of remote underdeveloped areas relies on the continuous improvement of infrastructure. Roads are built to connect villages and towns and telecommunications network coverage is widened so that Chinese villages and towns are no longer isolated from the outside world. With these infrastructure contributions from the government, transportation and logistics services can be delivered via roads and highway networks. With more extensive roads and telecommunications, e-commerce can follow.

Dong'an, a town in Chengkou County, started its development trajectory with tourism. The Dong'an local government is responsible for promoting economic development and for implementing the central strategy for poverty alleviation, but its resources are limited. Local development planners in Chengkou County realized that nature in this remote area had a unique value. Fresh air, organic food, mountains, rivers and peace and quiet are aspects of the countryside that Chinese urban dwellers want to experience, even as a temporary escape from the stress and noise of city life.

The success story of Chengkou County is ongoing. With the arrival of tourists to Chengkou to experience traditional events, shopping is also coming. The owner of one local small store, Mr. Fan Zhongfu, made shopping much more convenient and easier by creating a 'trunk project' that provides local organic products, including honey, potatoes, chestnuts, walnuts, bacon and traditional Chinese herbs, as takeaways for urban families. Whether they buy these products for themselves or as gifts, tourists take a joyful memory home in the form of high-quality agricultural products, and the good quality of the products leads customers to return to buy more or to recommend the area to their friends. Mr. Fan's business functions via the most popular Chinese social media platform, WeChat (with an integrated payment tool), allowing his e-commerce business to grow and become more efficient. He is starting to bring together products not only from his town, but also from neighbouring towns. Mr. Fan's sales via e-commerce increased from \$108,360 to \$232,200 and has since increased further to \$619,200.

Mr. Fan's story is one of thousands of examples of successful e-commerce-based poverty alleviation strategies. They follow similar steps: the central government provides roads and telecommunication infrastructure that gives remote areas access to transportation and communication with the outside world; the local government formulates ideas and development plans and encourages under-privileged groups to follow certain standards to implement the plans together; then ultimately private entrepreneurship is enabled bringing about creative ideas and innovations. What follows next is market-based e-commerce, without government intervention and subsidies, and in competition with other players in the same region or in other regions. This makes Chinese development-oriented e-commerce robust and self-driven.

The basic concepts of tourism promotion in Chongqing's Chengkou County and Mr. Fan's successful business can be replicated in other regions and countries, especially places within reach of big city centres. Under-developed areas with strong cultural traditions, beautiful landscapes and other natural attractions can use their special identity to develop a thriving tourism industry. A note of caution is that such efforts must include capacity building and enabling of local people in e-commerce in order to avoid creating a money-making instrument for the already-wealthy. Done with care, tourism can become an important tool for sustainable development.

This impact story is based on the presentation made by Mr. Sun Yuanzhong, Director of Comprehensive Division, Chongqing Poverty Alleviation and Development Office, at webinar 3, E-commerce for Poverty Alleviation, including data and case studies. Webinar and PPT slides are accessible at: <https://cloud.tencent.com/edu/learning/live-3014>.

Guangzhou City, China: Systematic Services for Cross-Border E-commerce

Challenge

Guangzhou, the capital of Guangdong Province, is the traditional trading centre of South China. In the past, the Canton Fair in this city was the most important platform for trading between China and foreign countries. With the rise of e-commerce, the position of Guangzhou as a traditional major trade centre is facing strong competition from other Chinese cities. Since the country reformed and opened up, Guangzhou seized the opportunity to rise rapidly, becoming one of the largest cities in China in terms of the size of economy. However, in recent years, economic growth in Guangzhou has slowed. In 2017, Shenzhen's GDP was 2.25 trillion yuan (about \$0.35 trillion million), with a year-on-year growth of 15.38 percent. In the same year, Guangzhou's GDP was 2.15 trillion yuan (\$0.33 trillion), with a year-on-year growth of 10 percent, meaning that Shenzhen officially surpassed Guangzhou. Cities outside of the four first tier cities are constantly closing the economic gap with them. As an example, whereas in 2013 Guangzhou's GDP was 263.69 billion yuan (about \$40.64 billion) higher than Chongqing's, in just six years (2019), Chongqing has caught up with Guangzhou and is poised to surpass it (Li, 2020).

Toward a solution

Guangzhou's answer to the challenge posed by strong competition from other Chinese cities is providing innovative and comprehensive support for cross-border e-commerce activities, both offline and online.

For the online side, Guangzhou created a cross-border e-commerce public service platform that offers comprehensive functions, stable operational support and efficient processing. The platform includes:

- cross-border direct purchase import customs clearance services;
- cross-border bonded import customs clearance services, cross-border retail export customs clearance services and duty-free management without providing invoices;
- a foreign exchange, collection and payment service function, cross-border Business-to-Business customs clearance service, and logistic information management in a supervised park; and
- cross-border commodity traceability tracking management, consumer services, platform monitoring and cross-border big data analysis.

The public service platform is connected with customs, taxation, foreign exchange, public security and other administrative departments. This system can process more than five million events monthly, providing service 24 hours a day without interruption. Even during the business peak on 11 November 2020¹, the system continued to offer stable service (Zhu, 2020).

For the offline side, Guangzhou is using the advantages of its traditional strong harbour, airport and railway centres along the south coast of China to form an 'offline zone,' with eight cross-border e-commerce industrial zones, 55 overseas warehouses and a bonded warehouse area of 660,000 square meters.

With a global commodity traceability system, innovative regulations supporting cross-border e-commerce package returns (a major headache of cross-border e-commerce sellers), and air-rail combined transportation, Guangzhou is prepared for innovative ideas and the newest digital technologies. As the newest and most popular form of e-commerce in China, live streaming + e-commerce is already being used as part of Guangzhou's cross-border e-commerce promotion tool. In fact, it was the centerpiece of the Guangzhou E-commerce Live Streaming Development Action Plan (2020-2022) (Guangzhou Municipal Commerce Bureau, 2020). Live streaming broadcasts help cross-border e-commerce companies boost their businesses online.

Guangzhou strives to continue improving and remains an attractive city for cross-border e-commerce. Its efforts in self-improvement include providing a better ecosystem, lowering the cost burden and increasing its support for cross-border e-commerce companies. Guangzhou is also engaged in regional and international cooperation. Guangzhou is promoting the Silk Road E-commerce project, establishing a cross-border e-commerce cooperation mechanism with countries (and regions) along the Belt and Road Initiative. This includes providing services for customs clearance, payment and settlement, intellectual property rights, etc.

This impact story is based on the presentation made by Ms. Ning Xia, Director of E-commerce Division, Guangzhou Municipal Commerce Bureau, at webinar 4 Interpretation of New Policies, Laws and Regulations of Cross-border E-commerce, including data and case studies. Webinar recording and PPT slides are accessible at: <https://cloud.tencent.com/edu/learning/live-3045>.

¹ 11 November is also known as "Double 11." It is a shopping festival held by leading e-commerce platforms in China, such as Taobao and JD.com. The shopping festival is the largest and most popular annual global shopping festival in the world, overshadowing Black Friday and Cyber Monday combined (Lou, 2020¹).

Hangzhou City, China: Becoming an Important E-Commerce Centre Worldwide

Challenge

Hangzhou is the birthplace of Alibaba, an e-commerce giant in China. Not only is the city the country's centre of domestic e-commerce, the coverage of business to commerce (B2C) platforms based in Hangzhou has reached over 60 million users across the globe, generating annual exports worth \$22 billion (ehangzhou, 2020). Thus, Hangzhou is not just advanced in some areas of cross-border e-commerce, it is advanced in the e-commerce ecosystem. The city has a vision to further parlay its great success beyond China's borders; the Hangzhou cross-border e-commerce pilot zone aims to change how trading is done in the future.

To reach this goal, the city plans to become a pioneer in the areas below:

- support the digitization of traditional Chinese producers (ehangzhou, 2020), helping them to become direct players in e-commerce;
- build warehouses in bonded areas in other countries to support the cross-border e-commerce business of Hangzhou-based companies; and
- create worldwide e-commerce talent infrastructures, especially through foreign talent programmes, in the same vein as Alibaba's Hundred Cities and Thousand Schools, Amazon's 101 Youth Program and New Youth Program, and eBay's E Youth Program.

Toward a solution

Hangzhou is the capital city of Zhejiang Province, and the headquarters to more than two million private enterprises. Zhejiang Province is well known for its export industry, which is dominated by highly competitive small privately-owned enterprises. It is also home to a famous, internationally recognized market in the city of Yiwu (Yiwu, 2021). The strength of highly competitive and innovative production enterprises in this city is a reason for its success with domestic e-commerce. However, it is important to note that export is still dominated by traditional export trading companies. Hangzhou's cross-border e-commerce pilot zone aims to support the digitization of the smaller companies with its Two Platforms and Six Systems project (China-hzgec, 2021), which will enable them to connect with foreign end-consumers and retailers and which helps them to become more flexible in reacting to international demand and trends.

There are already some important cross border e-commerce examples from production companies in Zhejiang Province to identify. These include: Eskimo, a textile clothing brand, with a turnover via cross-border e-commerce of \$774,000 in the first half of 2020 via cross-border e-commerce, despite the raging Covid-19 pandemic and its economic fallout. In the same time period, GreatStar, a hardware brand producing garage Do It Yourself(DIY) and garden tools, increased its sales by 78 percent over the same period. A traditional sports equipment producer in Hangzhou, experienced rapid growth in 2020, increasing its turnover nearly three-fold. Successful examples from Hangzhou shows how important cross-border e-commerce can be for the traditional producer. As the the Director of Public Relations and Promotion Department, Office of the Leading Group for the Construction of China (Hangzhou) Cross-border E-commerce Pilot Zone, Mrs. Wu Changhong said, “cross-border e-commerce is not just an alternative sales form, it’s a completely new business model, because it is data-driven by consumers”.

These successful examples from Hangzhou show how important cross-border e-commerce can be for traditional producers. As the Director of the Public Relations and Promotion Department, Office of the Leading Group for the Construction of China (Hangzhou) Cross-border E-commerce Pilot Zone, Mrs. Wu Changhong said, “cross-border e-commerce is not just an alternative sales form, it’s a completely new business model, because it is data-driven by consumers.”

Being closer to end-consumers is the strategy of Hangzhou’s cross-border e-commerce pilot zone. It is not only trying to change the mindset of traditional producers by making them more aware of the opportunities of being closer to international end-consumers, but also being data-driven and end-consumer driven will make the production more flexible and more competitive. The Hangzhou pilot zone is supporting its production enterprises actively in e-commerce in other countries. It is constructing an overseas service network in 35 countries and regions with 95 overseas warehouses in bonded areas. It is supporting Chinese companies in achieving the “last mile” delivery advantage in overseas market competition.

Hangzhou’s cross-border pilot zone is not just focusing on the success of today, but also looks at the future. Hangzhou aims to change the rules of the game when it comes to traditional import-export business. The key to the future is a foreign human resource development strategy. Hangzhou’s cross-border pilot zone is active in human capacity building and training in cross-border e-commerce. This year it cooperated with AliExpress to launch a global cross-border e-commerce innovation and entrepreneurship competition. More than 6,000 people in nearly 1,500 teams have participated in this competition (sfh.e-box, 2021). Talent from many countries and foreign students from top-tier Chinese universities actively interacted with e-commerce innovations. This kind of event is only a small example of the talent development programmes being executed by the city of Hangzhou and its companies.

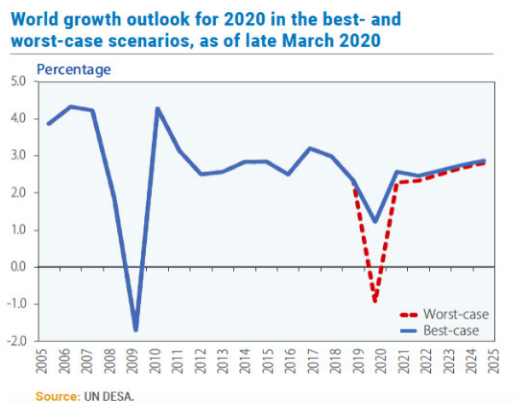
This impact story is based on the presentation made by Ms. Wu Changhong, Director of Public Relations and Promotion Department, Office of the Leading Group for the Construction of China (Hangzhou) Cross-border E-commerce Pilot Zone, at webinar 2 The Construction of “Two Platforms and Six Systems” in China’s Integrated Cross-border E-commerce Pilot Zones, including data and case studies. Webinar recording and PPT slides are accessible at: <https://cloud.tencent.com/edu/learning/live-2982>.

ITC Perspectives on China: Cross-Border E-Commerce as a Global Opportunity for COVID-19 Recovery and Innovation

Challenge

The global economy could shrink by 0.9 percent due to the COVID-19 pandemic (see Figure 4). Economists are not optimistic about economic recovery and growth in 2021. Even with vaccines, the COVID-19 pandemic will continue to negatively impact the global economy. Fast economy recovery and fighting the pandemic are the most important challenges likely to face many countries over the coming years.

Figure 4: World growth outlook for 2020



Source: UN DESA, 2020 (www.un.org/development/desa/dpad/publication/world-economic-situation-and-prospects-april-2020-briefing-no-136/; accessed 24 February, 2021).

Learning from the Chinese e-commerce experience, and more active participation in cross-border e-commerce, could help countries recover more quickly. While many industries, such as those in the travel and tourism sector, continue to suffer from the pandemic (UN DESA, 2020), the digital economy and especially e-commerce are witnessing impressive growth. Records are being made in active users, online transactions, online turnover and of course the market value of e-commerce giants.

Toward a solution

E-commerce makes up one-third of total retail sales in China and is becoming increasingly important. China's e-commerce success is not only benefiting its own economic growth and COVID-19 recovery, but also helping its trading partners. In the first half of 2020, imports from ASEAN countries increased 8.5 percent, even faster than the growth of Chinese exports to ASEAN countries (3.4 percent) (Li, 2020). Not only are neighboring countries benefiting from the strong economic recovery power of the Chinese economy, but foreign companies from Northern economies are also benefiting.

Alibaba's sales soared during the Chinese Numbers from Chinese Popular November 11th Shopping Festival shows sales turnover reached \$74 billion (Barras-Hill, 2020). At the peak, the platform processed 583,000 orders per second (Lou, 2020). More than 30,000 foreign brands participated. Behind these impressive numbers are innovations in digital technologies and organizations. China's pioneering position is founded on the following premise: Openness to border populations for new technology innovations. In e-commerce this translates to 80 billion parcel deliveries per year (CGTN, 2020), as well as digital payment accessibility by more than 80 percent of mobile phone users (Cheng, 2019). For mega cities with large and dense populations, it offers possibilities to lower the delivery cost and increase delivery efficiency but at the same time requires a good infrastructure network composed of roads, rails, harbors, airports, warehouses, and logistic centers. Of importance, is the market-mechanism driven approach of the e-commerce development which contributes to greater competition among relevant players in the market and continuous innovation consequently.

Participation in China-related cross-border e-commerce would benefit foreign countries and companies both internationally and domestically. Experience from China, as one of the most competitive markets, can help foreign companies improve their domestic e-commerce capabilities as well. Southern countries' participation in the cross-border e-commerce with China can also help economic recovery in the region by utilizing Chinese consumers' purchasing power and with the involvement of the Chinese government cities, such as 105 comprehensive pilot zones for cross-border e-commerce (Zhang, 2020). Shipping products in large quantities and at low costs to warehouses in bonded areas as well as using existing e-commerce and logistic infrastructures can make foreign products more competitive in the Chinese e-commerce market.

The growth of e-commerce worldwide during the COVID-19 pandemic demonstrates that digital interactions can replace (at least part of) traditional physical business interactions. E-commerce can make an economy much more robust during a crisis. Chinese e-commerce experiences can be studied by other Southern countries, although some might need modifications to suit operational environment.

Even more important is to observe and learn from China's pioneer work in the next generation of the digital economy. Using new technologies, like AI, the Internet of Things, smart logistic applications, autonomous vehicles and robots and drones in warehouses and delivery, are all part of China's digital economy innovation. These innovations are founded on 5G high-speed internet and can be learned and replicated worldwide for growth and development (Muluk, 2016).

This impact story is based on the presentation made by Mr. Zhao Quan, Trade Policy Advisor, Division for Market Development, International Trade Centre, at webinar 15 Innovation Practices of E-commerce in China and Good Practices of Regional Cooperation, including data and case studies. Webinar recording and PPT slides are accessible at: <https://cloud.tencent.com/developer/salon/live-1308>.

Kolkata and other Indian Cities: E-Commerce and Digital Innovation for a Religious Festival during the COVID-19

Challenge

In 2020, the COVID-19 pandemic seriously affected the social and economic development of many countries around the world. While the crisis has brought many negative outcomes, on the positive side, virtual and online business and social activities have made great progress. Home offices and digital schooling have significantly increased internationally. E-commerce and digital innovations have become important tools for facing social and economic challenges during the crisis. India-Bangladesh cross-border e-commerce and religious exchange prompted by the crisis demonstrated some interesting ideas and experiences for countries with strong religious traditions and festivals.

Traditions and Festivals

In 2020, the traditional ten-day Durga Puja festival posed a significant challenge for governmental institutions in India, particularly for the local government of Kolkata, the capital of West Bengal State, where the main celebration takes place. On the one hand, festival was an important event in the lives of many believers in the region and elsewhere. However, on the other hand, the traditional form of the event was risky due to Covid-19 social distancing requirements. With huge numbers of people traveling long distances, many coming from neighbouring Bangladesh and locations across India, and crowding into temporary stages and structural decorations (known as pandals) to pray and celebrate the festivals. The challenge for government was to balance safety and make arrangement for the religious festivals during this time of deep crisis with reducing the risk of spreading the pandemic further.

Toward a solution

Every crisis in human history also leads to creative new ideas. The same goes for the city of Kolkata and how it addressed the 2020 religious festival. Unfortunately, to fight spreading the virus, the government had to prohibit visits to pandals. Not only were prohibitions on visiting the pandals a strong incursion to the lives of believers, but it also would translate into the loss of income for many small businesses that sell their products and services during this festival. Without the digital technology that exists today, such an anti-pandemic policy would have caused social dissatisfaction and huge income losses for micro-businesses relying on such events. Thus, digital tools and e-commerce were employed to help create an online religious and culture platform.

The platform allowed believers to celebrate the event and pray virtually. People visited the pandals online and were able to be “present” in the religious space. Meanwhile, e-commerce helped reduce the losses for micro-businesses dependent on income from these events. On the same platform, believers did more than their religious activities, they also shopped just as they would if they had been in the celebration area.

A significant aspect of the city of Kolkata is that its religious and cultural influence in the region spills across the border into Bangladesh. One-fifth of the tourists visiting India come from Bangladesh, with many of them being religious-cultural tourists (Dhaka Tribune, 2019). The pandemic virtually put a halt to this kind of travel and reduced income opportunities for related small businesses in India. The change in the form of celebration during the crisis also changed the consumption structure of the visitors. In the past, the most significant amount of money was spent on passenger transportation. In 2020, that money instead was spent on online religious and cultural services and products online. For innovative businesses with e-commerce zeal, this meant new opportunities.

The Kolkata example shows that during such a public health crisis, governments not only have a role to control and enforce containment policies and protocols but can also be the source of relevant solutions and can be a catalyst for disruptive innovation. In this case, technology and innovative ideas offered a foundation for overcoming the crisis. The Kolkata case is an interesting subject for long-term observation. Whether the online religious-cultural platform is sustainable or is just a temporary replacement remains to be seen.

With better implementation of consumer protections and data safety regulations, digital events and e-commerce could change how traditions are celebrated and the way people shop, which is already happening in some regions of the world.

In terms of the sustainable development goals, reducing travel and replacing it with digital experiences contributes toward climate change goals, but digital religious platforms could become powerful and present a high risk of monopolization. Policymakers should consider giving micro and small businesses free access to digital e-commerce, accompanied by related capacity building and empowerment, to avoid monopolization by big players. Policymakers should also be aware of potential problems with digital gaps in society and pay close attention to inclusion.

This impact story is based on the presentation made by Ms. Mousumi Das, Associate Fellow at the National Council of Applied Economic Research in New Delhi, India, at webinar 11 South-South Cooperation and Cross-border E-Commerce Governance in the Digital Era, including data and case studies. Webinar recording and PPT slides are accessible at: <https://cloud.tencent.com/edu/learning/live-3266>.

Qingdao, China: Funding the Growth of E-Commerce through Financial Services

Challenge

China has created a large number of cross-border e-commerce comprehensive pilot zones. These pilot zones are covering the full set of topics involving cross-border e-commerce, including customs and logistics, etc. Many challenges related to the new and fast-changing cross-border e-commerce business can be solved by governmental institutions which have concentrated their functions in these pilot zones. However, there is still an important challenge remaining related to the funding of cross-border e-commerce.

Financial services for trading activities are challenging, especially in China. In the practice of many Chinese banks, loans are only given based on collateral, which in China means property, preferably houses and apartments in the cities. Financing based on inventory or accounts receivables is still in the early stage of development. In general, cross-border e-commerce financing is still in its pilot stage, including the Qingdao Cross-border E-commerce Comprehensive Pilot Zones.

Toward a solution

Qingdao is a major city in eastern Shandong Province, China, on the Yellow Sea coast. The planner of the Qingdao Pilot Zone understands the needs of both the cross-border e-commerce companies and the banks. For cross-border e-commerce companies, cross-border business takes more time compared to domestic e-commerce; additional time is needed for domestic customs, for shipping, for foreign customs and for final delivery to the foreign end-consumer. Even without the difficulty of refunding in a cross-border e-commerce business, the whole business cycle takes much more time than the domestic one. Although the margins are higher, traders have to pre-finance the whole business for a long period. Without funding, there is no foundation for significant growth for small and medium cross-border e-commerce companies.

The Qingdao Pilot Zone aims to support companies in its zone with respect to their need for financial support through close cooperation with banks, especially with local banks. The idea is simple and efficient: value-chain data is used to prove the business authenticity. Customs data are shared with the Qingdao Rural Commercial Bank, a local bank with strong support for local micro and small businesses. Based on the customs data, Qingdao Rural Commercial Bank creates its own risk management mechanism. The loan process is fully online and based on customs data.

Big Data from the customs service in real time can be used by banks in real time to make credit decisions. In the period up to 30 September 2020, 230 loans with a total value of 90 million RMB (about \$13.78 million) were provided to cross-border e-commerce companies. The average loan amount was under 400,000 Yuan RMB (about \$61,840) and was provided to small companies (Li, 2020).

Why is cross-border e-commerce financing so important for long-term healthy development? Without financing for small companies, small companies cannot afford to extend their businesses, because the occupation of capital through long duration cross-border business processes can lead to liquidity problems. Without financial support, small and even medium-sized companies are being put in a disadvantaged position compared to big companies. As a result, they have less chance to utilize the international growth potential of cross-border e-commerce. From a long-term perspective, this would mean that the market would be dominated by big or even giant companies.

Inclusion, in general, is an important topic in disruptive innovation, and in cross-border e-commerce. Only when the market entrance barriers and operational costs are low can small companies have a chance to compete. Financing for small-sized companies is not just a duty of financial inclusion. It is also significant to avoid a monopoly in this fast-growing technology-dominated market. The use of customs data in Qingdao shows an example of the public good that can be accomplished through data collected by governmental institutions. Free access to such governmental “Big Data” for all players, of course under customer data protection, will empower more participants in this field.

This impact story is based on the presentation made by Ms. Sun Yiming, Director of Qingdao Cross-border E-commerce Comprehensive Pilot Zone Service Center, at webinar 8 Sustainable Payment Solutions in Cross-border E-commerce: Spotlighting Good Practices of City-to-City Cooperation, including data and case studies. Webinar recording and PPT slides are accessible at: <https://cloud.tencent.com/edu/learning/live-3194>.

UNECA Perspectives on the African Continental Free Trade Area (AfCFTA): Promoting E-Commerce within the World's Next Giant Market

Challenge

As has been seen in earlier good practices, COVID-19 has brought the perception and understanding of e-commerce to the forefront. According to Juliet Annamah, the chairwoman of Jumia Nigeria, an online marketplace for electronics and fashion, "in many places, e-commerce became the only place where you could buy anything." Ensuring regular supplies for border populations, supporting producers to sell their products, protecting employment opportunities and creating new jobs have become a huge challenge for countries in Africa in the best of times, with COVID-19 these issues became even more dire. E-commerce has emerged as one of the most important tools in Africa for overcoming these challenges in this time of COVID-19's "new normal."

Toward a solution

Across the African continent, e-commerce industry was already playing an important role, both commercially and socially, but its influence was boosted with the arrival of the COVID-19 pandemic. The impressive numbers of one of the key e-commerce players in Africa, Jumia, reflect the dramatic impact of COVID-19. Jumia's active customers grew 23 percent over the previous year to 6.7 million in the first nine months of 2020, while the number of orders increased 9 percent to 19.8 million. The number of transactions on Jumia Pay rose 34 percent over the previous year, which boosted its total payment volume 74 percent to \$176 million (Sun, 2020).

While COVID-19 is disruptive, it has also created a unique situation for growth. It forced consumers, sellers and governments to develop a greater understanding and awareness of e-commerce. For many people, e-commerce during the crisis stopped being optional; it became a must for economic survival. The pandemic created not just growth for big tech companies, but also new opportunities for micro and small enterprises. The second comprehensive survey on the COVID-19 pandemic and its economic impacts across Africa (all 54 countries) showed that 75 percent of food businesses and 56 percent of services noticed new opportunities (UNECA and International Economics, 2020). These companies found ways to use new technology to operate online.

Despite the dramatic growth of e-commerce, some weaknesses of African countries were also made apparent. The July Africa Business Survey (UNECA and International Economics, 2020) reported the following main challenges for African firms when conducting e-commerce:

- internet connectivity (52 percent)
- payment gateway (42 percent)
- logistics (39 percent)
- transport and delivery generally (38 percent)
- lack of marketing (30 percent)

One major challenge in particular is the lack of foundational infrastructure. For example, 31 African countries were among the bottom 50 in the electricity availability subcategory of the World Business Index in 2019. In addition, lack of other fundamental infrastructures, like roads, harbours and railways, further limits the growth of e-commerce in Africa and continues to exacerbate the problem.

The to-do list for Africa's e-commerce development is long. Without good and cheap electricity, internet accessibility at an affordable price cannot be provided. The current internet penetration rate is only about 39.3 percent of the population as of the first quarter of 2020, far from the level at which the entire population can benefit from digital innovation (Faria, 2020). Africa needs a "digital leave no-one behind strategy." And without widely networked roads, railways and harbours, logistics and transportation costs will remain high. These disadvantages need to be improved soon, or growth in e-commerce will be limited to the cities. To open up the potential of e-commerce, a bigger market is essential. Some 30 African countries made a huge step toward expanding markets and creating new growth opportunities by forming the African Continental Free Trade Area (AfCFTA), which came into effect in January 2021.

E-commerce is an important part of the AfCFTA agreement. It is still too early to give forecasts, but the following common protocols of the agreement can help to form a large e-commerce market: standardization of customs regulations; standardization of tax issues; cross-border consumer protections; and standardization of related laws, e.g. those governing digital signatures.

In general, the e-commerce market in Africa experienced dramatic growth in 2020 and this trend is expected to continue into 2021 and beyond. However, without solving the problems of infrastructure, e-commerce and digital innovations, this growth will mainly benefit urban populations and unfortunately will leave vulnerable groups in rural and remote areas digitally behind. AfCFTA is a big step forward, especially for digital innovation-driven and cross-border operating companies. With more inclusive components for micro and small enterprises, a larger market concept could work better.

The Chinese Belt and Road initiative has great potential to support Africa's e-commerce development, not only in the traditional way of building the warehousing, ports, roads, rails and logistics centres that Africa still lacks, but also in transferring knowledge related to digital topics, from regulation experiences to capacity building. Another potential area of support is close cooperation between Chinese and African institutions to promote the export of African products to China. E-commerce would be the most important tool to achieve this goal. Solutions should not rest with governments alone but should bring together the concerted efforts and joint collaboration of a variety of stakeholders, particularly those from the private sector.

This impact story is based on the presentation made by Mr. Tunde Fafunwa, Lead Advisor, Digital Centre for Excellence-Identity, Trade and Economy, United Nations Economic Commission for Africa, at webinar 15 Innovation Practices of E-commerce in China and Good Practices of Regional Cooperation, including data and case studies. Webinar recording and PPT slides are accessible at: <https://cloud.tencent.com/developer/salon/live-1308>.

It is also based on, Mr. Jamie MacLeod, Trade Policy Expert, United Nations Economic Commission for Africa, at webinar 12, The Role of Belt and Road Initiative in Advancing Fintech in the Cross-border E-commerce Sector in Developing Countries, including data and case studies. Webinar recording and PPT slides are accessible at: <https://cloud.tencent.com/edu/learning/live-3279>.

Tianjin City, China: Port Efficiency as a Crucial Competition Factor for Cross-Border E-Commerce

Challenge

Cross-border e-commerce is a race against time and cost. Companies in competition can drive innovation in technology, organization and processes. In the business of cross-border e-commerce, port efficiency is essential and ports themselves are in competition with each other. Bureaucratic behaviours cause unnecessary delays, and these additional time increases add to operating costs, financial costs and lower the satisfaction level of end-consumers. In the time of traditional import-export business, a few days might not be decisive, but in the era of e-commerce, every hour and day counts. Ports in this era are challenged with being efficient and with accurately processing import and export applications. This example from the Tianjin Port, the largest port in north China for international trade, shows how port efficiency can be improved with a suitable mindset and the latest technology.

Toward a solution

More than 4,000 trading enterprises are operating in Tianjin Port. Tianjin Port views itself as a service provider that offers high quality port services. The Tianjin Model features process optimization, reduced complexity and digitization. Tianjin Port encourages enterprises to make their declarations in advance so that a daily clearance mechanism can speed up port-related processes and simplify certificates for the port and the working process. Documents related to customs declaration are simplified. Electronic import and export licenses are provided to enterprises. To make port processes faster and save on costs, applications of international trade are processed in a single window. Through an online service hub, or business hall, documents including container equipment delivery list, bill of lading and other logistics documents are digitalized, and administrative efficiencies improved.

In addition, harbour infrastructure at the Tianjin Port is under continuous improvement. Smart container terminals have been built and these and other infrastructure-related improvements have increased the harbour's processing efficiency.

Tianjin Port provides transparency for enterprises using their services. Better predictions for port services allows companies to better manage time and costs. Transparency, efficiency and service orientation make Tianjin a competitive player in global trade. Together with Beijing and Shanghai, Tianjin represented China in the evaluation of cross-border trade indicators in the World Bank's Doing Business Report, with its ranking rising from 97 in 2017 to 56 in 2019, a significant improvement in two years.

Tianjin Port is continuously improving its efficiency, measured by clearance time, leads among Chinese major maritime ports. Clearance time for exports in 2019 was one-sixth of the time needed in 2017, slightly better than Shanghai Port. Clearance time for imports was significantly better than both the national average and other maritime ports around Tianjin. Many reform practices, like transparency methods, in Tianjin Port are being replicated across the country by the Chinese State Council.

As Tianjin Port continues to position itself as an important centre of cross-border e-commerce in North China, its efforts to further developed e-commerce have included:

- optimizing traceability label management of customs to strengthen consumer rights and increase market trust;
- building the first express distribution center within the zone for faster processing in logistics and customs clearance; and
- establishing the first pet food port in North China.

As a result of these and other steps, Tianjin has become the most important port for cross-border e-commerce in North China and its eco-system is continuously developing. Tianjin has become the centre for many e-commerce and logistic giants, like T-Mall, Suning and Shunfeng. In 2019, the port's total business volume exceeded 13 million orders.

This impact story is based on the presentation made by Mr. Wang Zhidong, Director of Industrial and Foreign Investment Promotion Office, Tianjin Bureau of Commerce, at webinar 10 Sustainable Solutions in Cross-border E-commerce Supply Chains: Spotlighting Good Practices of City-to-City Cooperation, including data and case studies. Webinar recording and PPT slides are accessible at: <https://cloud.tencent.com/edu/learning/live-3239>.

Zha Lan Tun County, Hulunbuir, Inner Mongolia, China: Exploration of Rural E-Commerce Development in Less Developed Regions

Challenge

Zha Lan Tun, a county in the Hulunbuir region of Inner Mongolia, China, covers 16,900 square kilometers — an area larger than Beijing — and has a total population of only 430,000, of whom 260,000 live in rural areas. The population is composed of 23 ethnic groups. There are 130 administrative villages, with the farthest one being located 170 kilometers away from the county centre. In 2014, poverty rates were high; 70 of the villages were considered poor and 12,783 families and 33,785 persons were living in poverty.

In terms of direct distance, a flight to Beijing takes over an hour, however, there are no airports. Combine the cost of delivering goods over long distances with the fact that not a great quantity of packages needs to be delivered, and the cost of doing e-commerce in this area is extremely high.

For such less developed and rural regions, in addition to logistical and costliness barriers, two other major challenges need to be addressed. One is farmers' limited income, whether it be for daily-use products or those products that enable farm production. Another major challenge is outmigration. The question is how to retain young people and working-aged persons and make sure they have employment opportunities in their hometowns. Retaining youth and workers is essential to support the sustainable development of rural areas.

E-commerce has the potential to help solve these two problems for two reasons. The first is that e-commerce has a low-cost buy-in for employment and entrepreneurship. With a network cable and a computer, or in this era of mobile internet, with even just a mobile phone, a person can obtain flexible employment. The second reason is that selling rural products helps farmers increase their income. Even if e-commerce cannot increase their income in the short run, local people can save money by buying things at a more affordable price, which can reduce costs and lead to higher incomes.

The core pre-requisite to expand e-commerce in less developed areas is to build infrastructures that will support e-commerce markets, namely through building talent, securing funding and improving logistics. Solving these problems requires a holistic approach and demands efforts at both national and local levels. The issue of payment has largely been solved through platforms offered by the private sector and the improvement of ICT infrastructures done by the government.

Toward a solution

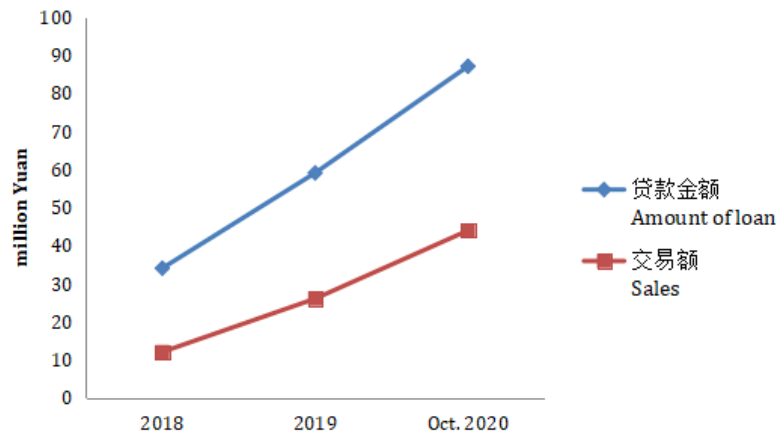
In Zha Lan Tun County, extensive training was commissioned to motivate local residents to participate in e-commerce. Two important lessons were learned from this training. First, it was found that the training could be conducted via the internet. Secondly, who should be trained required some rethinking. At the beginning, the training targeted youth, and particularly college students. However, when the local government discovered that e-commerce in the area was not dependent on college students, but rather was the output of family businesses, the training shifted to target this latter group.

In addition to training residents of the countryside how to sell products, it was also important to show them how to use e-commerce to purchase goods. Thus, an e-commerce service station was built in every village, run by residents who had knowledge and technical capacity. The manager of a service station can earn more than 50,000 yuan (about \$7,730) per year. The service stations also provided electronic agricultural technology services. In Zha Lan Tun County, 130 smart village service stations were built.

Another hurdle to overcome was the high cost of express deliveries. The method that was employed was to gather all the parcels from all the various delivery companies into one local service company and then the service company delivered the parcels to the end-consumers in the countryside. This clustering and decentralization method, called fourth-party logistics, proved an effective way to reduce costs.

The last challenge was helping farmers to access funds to buy the necessary products and to improve their incomes. Financial institutions exist that loan money to farmers, but farmer credibility was usually difficult to evaluate and due to the potential risks, leading financial institutions have been reluctant to lend to farmers. This makes it difficult to develop rural finances. To resolve this, a closed loop was created between financial institutions, farmers and e-commerce platforms. In a closed loop, financial institutions lend money to farmers, but the farmers do not receive the money directly, rather they receive goods from merchants, and the bank pay the merchants directly via the platform. Because the platform integrates a lot of products, costs are reduced.

Through these e-commerce reform methods, obvious development can be seen in the area over the past few years. For example, the amount of loans and the size of sales experienced rapid growth over three years (see Figure 5).

Figure 5: Number of sales and loans between 2018 and 2020

Source: page 54 of Webinar #15 PPT available at <https://share.weiyun.com/cVREbSHs>. See also 01:13:06-01:13:14 of recording of Webinar #15, available at <https://cloud.tencent.com/developer/salon/live-1308>.

The growth of e-commerce in this remote area was quite timely in that it aided the city to solve many problems that arose with the COVID-19 pandemic. For example, during the pandemic e-commerce platforms transported 12,064 tons of spring farming materials and 8,766 items of daily necessities to the countryside and allowed farmers to partake in remote medical consultations.

The experience of Zha Lan Tun County, and more broadly Hulunbuir, with developing and leveraging rural e-commerce brought multiple benefits, including increasing farmer income, facilitating daily life and stimulating consumption. Most importantly, through familiarizing local people with e-commerce and the internet, residents in these remote rural areas have become positively engaged in modern development and are realizing strong connections, effective cooperation and true integration between poor and developed areas.

This impact story is based on the presentation made by Prof. Qiulin Chen, Deputy Director, Health Sector Development Research Center, Chinese Academy of Social Sciences (CASS), at webinar 15 Innovation Practices of E-commerce in China and Good Practices of Regional Cooperation, including data and case studies. Webinar recording and PPT slides are accessible at: <https://cloud.tencent.com/developer/salon/live-1308>.

Zhengzhou City, China: Strong Logistics Services for Prosperous Cross-Border E-Commerce

Challenge

A successful e-commerce transaction is founded on information flow, financial flow and logistics. On the internet, matching demand with supply can be organized efficiently, and the information cost is low. In many countries, financial flow via existing banking infrastructures or via payment companies can also be organized efficiently and at a low cost. But the logistics, the transportation of goods via long distance and delivery to the hands of end-consumers, is the real challenge for e-commerce.

E-commerce sets the standard for consumer satisfaction at a high level. Nearly real time online orders and payments are just the start of a race against time. Every minute and hour counts, from the warehouse stage to delivery to the end-consumer. The clock is ticking, and the competition is moving quickly. Delivery on time and at an affordable cost is the standard for logistics company doing business with e-commerce. In some Southern countries, e-commerce is booming in the cities, but not reaching the region at large, because a timely and cost-efficient logistics system is just not possible with the existing infrastructure.

Zhengzhou is the provincial capital of Henan Province, the traditional central region of China. With more than 100 million people, Henan Province is the most populous and economically important area of China. The region is landlocked, but has one of the best railway network hubs in the country. Zhengzhou has chosen a unique way to promote its cross-border e-commerce.

Toward a solution

Zhengzhou is cognizant of its strategic geographic advantages and disadvantages. As the primary city of Henan, a province without harbours, Zhengzhou does not benefit from traditional ocean transportation and the low shipping costs that come with it. However, with The Belt and Road Initiative, Zhengzhou's railway network has become an important railway logistics centre, linking from the Far East to Western Europe. The transportation of goods from China to Europe by rail is actually much faster, as it takes only 50 percent of the time required by ocean shipping. In addition, it costs only one-eighth to one-sixth of shipping by air. Railway transportation is the ideal transportation method for mid-priced goods.

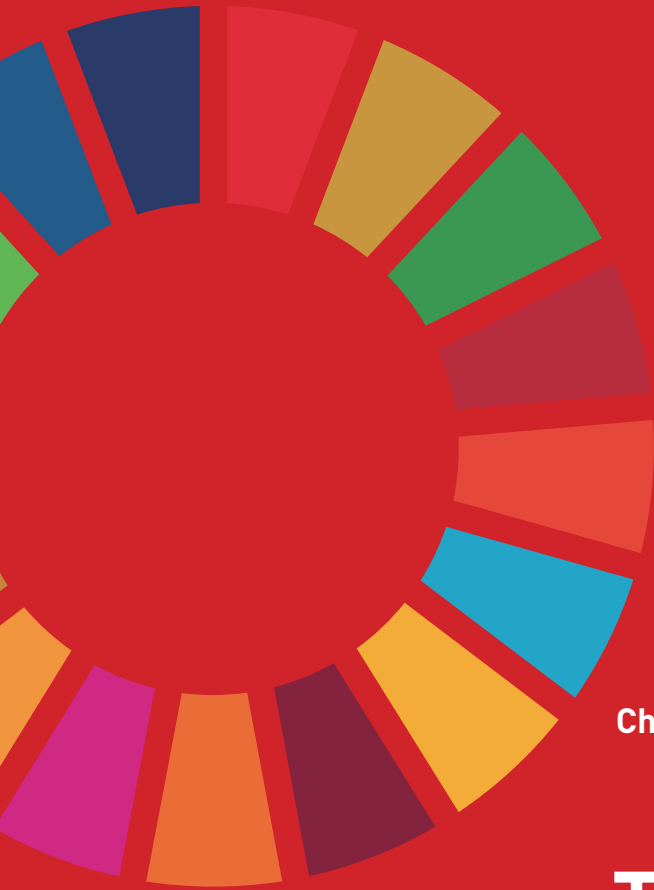
Zhengzhou's railway network to Europe covers Belt and Road Initiative countries in Central Asia, as well as Russia, Eastern Europe, Germany and Belgium. Along with this railway transportation network, many cold chain products are exported to China. Meat, dairy products, snacks, alcohol, brewed fruit drinks in addition to important agricultural products, like grains and oils, are shipped through this rail network. Henan's cross-border e-commerce pilot zone with Zhengzhou at its core found its market positioning and competitiveness thanks to railway transportation, and even is as competitive as many key harbour cities in China.

The Zhengzhou pilot zone is not just positioning itself for cross-border e-commerce, it is also taking advantage of its location in the centre of the country to become a competitive hub for warehousing and logistics, as well as importing products. Time and cost efficiency are the two decisive factors in the Chinese logistics industry. Through its 1210 Model, import companies can import products in large quantities and store them in warehouses in the bonded area without needing to pay an import tariff. These products can be sold to Chinese end-consumers via e-commerce platforms. After the sale via the internet and payment of necessary taxes, the goods are handed over to domestic delivery services. This model significantly improves logistics efficiency. Years ago, when Chinese consumers bought products from foreign suppliers, the whole process from ordering to delivery to the Chinese end-consumer took between 20 to 100 days, with the Zhengzhou 1210 Model it takes only a few days, with the fastest record being one-day delivery.

Policy innovation in combination with domestic delivery advantages makes Zhengzhou a critical cross-border e-commerce centre in China. Zhengzhou has become the country's largest cross-border e-commerce transaction base for imported cosmetics, health products and food, respectively accounting for 65 percent, 50 percent and 34 percent of the country's total transactions. There are 1,200 registered companies in the Henan Bonded Logistics Centre, with more than 40,000 service companies, as well as imported goods from 77 countries and regions around the world, and an export business covering 200 countries and regions.

This example shows the opportunity that the Belt and Road Initiative can have for landlocked cities, like Zhengzhou. While cities with harbours can benefit from low ocean shipping costs, domestic cities with good railway and road infrastructures can benefit from short transportation times. E-commerce is a big business with many market segmentations. Zhengzhou's mindset of finding a city's own comparative advantage and using it to consequently make the city competitive in e-commerce can be emulated by many cities around the world, particularly in the global South.

This impact story is based on the presentation made by Mr. Sun Qi, Director of E-commerce Division, Department of Commerce of Henan Province, at webinar 7 Sustainable Logistics Solutions in Cross-border E-commerce: Spotlighting Good Practices of City-to-City Cooperation, including data and case studies. Webinar recording and PPT slides are accessible at: <https://cloud.tencent.com/edu/learning/live-3157>.



Chapter III:

THE WAY FORWARD, CAPITALIZING ON RESULTS AND EXPLORING NEW OPPORTUNITIES

Summary

The outbreak and spread of COVID-19 have brought enormous challenges to the lives and livelihoods of people around the world, especially in the global South. Not only is the pandemic threatening people's health, but it is also impacting their social and economic wellbeing. The fear of getting infected combined with official government lockdown policies aimed at containing the spread of the virus have forced people to avoid physical contact and their usual interactions. At the same time, these policies have had direct and indirect impacts on the employment and income of tens of millions of people. People are also losing their income due to the collapse of traditional trading systems. For instance, many traditional markets, restaurants and pubs have ceased doing business and access to supermarkets has been limited. These are just a few examples of how the pandemic has hampered traditional transactions while simultaneously increasing transaction costs. These daunting challenges are even more acute in countries with limited resources and government capacity. More specifically, in poor countries where relief packages are scarce or nonexistent, life and death choices must be made every day. More people are likely to be forced to choose between their health and safety or risk of exposure to the virus as they strive to make ends meet.

In addition to shattering traditional domestic trading systems, the global pandemic has also significantly altered the international trading system. The closure of national borders and the disruption of the cross-border movement of people and goods have dealt a major blow to international trade practices. However, this report shows how these challenges have likewise presented unprecedented opportunities for the rise of e-commerce and other digital innovations. In fact, the pandemic has accelerated major developments, including the acceptance of digital technologies and e-commerce on a global scale. The crisis has also led to innovations in trade through e-commerce and digital financial transactions. Indeed, e-commerce is becoming an important source of doing business for millions of people during this challenging pandemic. E-commerce helps to ensure the continued supply of people's necessary provisions, and non-essential goods too, while helping preserve jobs. Thus, despite all the challenges that it has brought about, the pandemic has created a huge opportunity for e-commerce and digital innovations to grow on a global scale.

Unfortunately, this report also notes that the development of e-commerce and digital innovations is unbalanced throughout the world. Some countries are doing well with e-commerce and digitalized financial transactions. Other countries, however, are badly in need of support, not only with ideas, concepts and technologies, but also with investment and technical know-how. China is firmly consolidating its important position in these areas. The United States and other northern economies are experiencing significant growth. Africa is striving to move forward on e-commerce and e-commerce related digital innovations. Latin America is found to still be an e-commerce beginner. Such unbalanced digital development is having a significant impact on the ability of countries to deal with the pandemic. It also impacts the implementation of policy measures aimed at economic recovery through digital innovations and e-commerce. For example, countries leading in digital innovations can provide many tools to support government policies aimed at fighting COVID-19. More specifically, in China, just like in other digitally advanced countries, digital adjustments were quickly made to business and trade: off-line markets went online; restaurants focused on take-away and online food delivery platforms; interpersonal banking services shifted to internet and mobile banking; and hospitals and pharmacies provided alternative online services.

As has been demonstrated throughout this report, many big gaps remain in harnessing the power of e-commerce and other digital innovations. Digital gaps exist between digitally advanced countries and digitally underdeveloped countries. Gaps are found between wealthy and educated groups and vulnerable groups and between regions with good electricity and internet accessibility and those with inadequate accessibility. The disparity in fundamental infrastructure, like roads, rails and harbours, increases the damaging power of this gap.

It was for precisely this reason that UNOSSC commissioned this report. UNOSSC collaborated with its development partners, including CATIS and CICETE, to generate further knowledge and better understand these challenges. The report identifies innovative experiences around the world in domestic and cross-border e-commerce as one means of supporting their implementation in those countries that are in need. The development and policy recommendations made in this report are based upon a broad coverage of countries and institutions. It is also based upon expertise gained through 15 webinars organized by UNOSSC from 14 August to 4 December 2020.

After identifying innovative experiences, these recommendations aim to share knowledge on domestic and cross-border e-commerce, with a particular focus on pioneering experiences at the city level in the global South. The report is meant to be a platform for knowledge sharing and partnership brokering among cities under the framework of South-South and triangular cooperation. It aims to identify the potential of and catalyze cooperation among cities in e-commerce and digital innovations in order to achieve sustainable development goals.

Nevertheless, transforming this goal into reality will require unwavering political commitment and enormous resources. As mentioned above, the shift toward e-commerce and digital transactions is creating a major divide with potentially long-lasting consequences. On one hand, countries, regions and cities with existing e-commerce infrastructure have been experiencing booming e-commerce development, with traditional transaction systems rapidly being replaced by digitalized transactions. On the other hand, countries, regions and cities that lack the necessary infrastructure are falling behind. This is because too many traditional business practices

faced collapse in the wake of the raging pandemic. One major specific challenge is a lack of basic infrastructure. For example, this report shows that 31 African countries are still among the bottom 50 on the World Business Index 2019 in terms of access to electricity. Unfortunately, this trend could only worsen in 2021 due to the pandemic. Similarly, the lack of other fundamental infrastructure, like roads, harbours and railways, is significantly limiting the growth of e-commerce in Africa. But Africa is by no means the only region that is falling behind due to these infrastructure gaps.

As mentioned above, Latin America is another region lagging far behind emerging global trends. This is due to a number of issues, including a perceived apprehensiveness toward e-commerce and digital technologies; a limited capacity in human capital preparedness for the digitalization of the economy; a lack of standardized postal codes and mailing addresses; and limited access to the internet, which means limited opportunities for the development of e-commerce and other digital innovations. The challenge is compounded by the fact that cross-border e-commerce is even more complicated than domestic e-commerce. This is because the effectiveness of cross-border e-commerce requires updated policies with regard to customs, taxation and inspection and many other related policies and regulatory measures.

While domestic e-commerce is already shouldering a heavy burden, the operating environment for cross-border e-commerce in many developing regions is even worse due to additional problems. These problems include cross-border logistical problems, lack of a connective infrastructure, high interest rates for short-term loans and restrictive policies regarding foreign currency. In general terms, cross-border logistics is under-developed and costly while cross-border payment services are usually incredibly slow, in addition to being expensive and complex. Some policy recommendations are presented below to tackle these challenges head-on.

Policy Recommendations

One important idea that this report puts forward is that COVID-19 has been deeply disruptive in major ways. However, the disruptions have also created innumerable opportunities for growth and development. In the trading sector, it has forced consumers, sellers and governments to cultivate a better understanding and awareness of the importance of e-commerce and other digital innovations. Indeed, e-commerce and other digital transactions have become necessities in this time of global crisis for both economic survival and future recovery. They have created not just growth for big tech companies, but also new opportunities for micro and small enterprises, as well as individual consumers and government entities.

This section offers some compelling and practical policy recommendations to help accelerate the shift toward cross-border e-commerce and other digital innovations through South-South and triangular cooperation. The recommendations aim to address the challenges identified above with regard to cross-border e-commerce and other digital innovations in an effective way.

Proactive and innovative government policies.

As a surging form of trade, successful e-commerce needs effective legal and regulatory frameworks from governments. It also requires integrated and well-functioning digital payment mechanisms. In addition to fundamental infrastructures, such as sustainable and affordable electricity, warehouses, ports, railways and roads, e-commerce also depends on telecommunication technologies and internet accessibility. Therefore, government policies need to be proactive and innovative to tackle these issues. This requires not only visionary and ambitious leadership but also strategic partnerships through South-South and triangular cooperation. E-commerce mirrors the development level of the digital economy in a country. It is also set to become a crucial benchmark for future development. This is because future technology, including AI, the Internet of Things, blockchain, robots and drones, will be used in the e-commerce industry. Thus, governments that meet the present challenges with regard to e-commerce and other digital innovations have the potential to lead and reap the benefits of the Fourth Industrial Revolution.

Effective public-private partnerships.

E-commerce and other digital innovations gain impetus through constant refinement. Indeed, it is their lifeblood. As such, governments would do well to engage with leading players in the private sector and establish effective and mutually beneficial partnerships. They will benefit from doing so under the guidance of South-South Cooperation principles with leaders in the e-commerce industry.

Cooperation beyond borders.

Undoubtedly, cross-border e-commerce calls for even more complex legal and regulatory frameworks. This is because it requires clearly defined and effectively implemented rules and regulations on customs, inspections, cross-border financing, exchange policy, etc. No single country can deal with these challenges successfully working in isolation. These are multifaceted tasks and they require multipronged and collaborative measures. Moreover, some countries are leading with technology and have extensive experience as well as technical know-how, while many other countries have yet to catch up. South-South and triangular cooperation is a means to facilitate that process. Likewise, for cross-border e-commerce to succeed, cooperation and collaboration must extend beyond national borders. The following measures need to be standardized:

- o cross-border customs regulations;
- o tax policies at regional levels;
- o industrial policies at regional levels;
- o consumer-protection mechanisms across borders; and
- o digital signatures and intellectual property rights.

Cooperation among cities and local governments.

The report has put a particular emphasis on how various cities in the global South are using innovative, collaborative and evidence-based strategies in e-commerce and digital development. These strategies are meant to boost local and cross-border trade. As such, there is a need to support these efforts and to help disseminate accumulating knowledge and experiences in line with the principles of South-South Cooperation. As e-commerce and digitalization take root at city levels, the spillover effects will have tremendous potential in accelerating the process at sub-national and national levels. This report emphasizes the need for cooperation among cities and local governments to strengthen cross-border e-commerce in developing countries.

In fact, this call for cooperation among cities and local governments to strengthen cross-border e-commerce in Southern countries is in line with the latest outcome document of the second High-level United Nations Conference on South-South Cooperation (BAPA+40, March 2019). This outcome document highlighted the significant role of South-South Cooperation at sub-national levels for sustainable development. But where e-commerce and digital innovations are concerned, it is not enough to only focus on cities in the global South. It is also imperative to involve and work with cities and local governments in the global North through the guidelines of triangular cooperation. Such cooperation will provide Southern countries with additional technical know-how and the necessary advanced, high-quality digital technologies. It will also help generate necessary resources to implement digitalization projects in countries where there is a need.

Action Points

In addition to the above general recommendations, some China-specific recommendations were made in the webinars that are worth summarizing here. Based on the information provided by webinar participants, for example, the below action points were made to further development of cross-border e-commerce.

Enhance target-oriented knowledge transfer and capacity building (e.g., young people and existing trading structures).

China, as an important player in global e-commerce and cross-border e-commerce, could play an important role in knowledge transfer and capacity building. For instance, taking a lesson from the impact story about Hangzhou, e-commerce related innovation challenges among Latin American students in China and digital transformation challenges among existing trading companies in China could be organized by Chinese institutions promoting e-commerce in cooperation with UNOSSC, diplomatic representations and commerce chambers.

Enhance bilateral cooperation in the creation of cross-border e-commerce pilot zones.

To promote cross-border e-commerce, China could support other countries to increase exports to China to make international trade more balanced. Chinese cross-border pilot zones can build bilateral cooperation with cities from other countries, such as by providing capacity building and hands-on training for state officials from other countries and supporting trading companies from other countries to use existing Chinese e-commerce infrastructure so that they can increase direct export to Chinese customers.

Establish an international e-commerce technical assistance and investment platform.

During and after the COVID-19 pandemic, the world will need a lot of digital innovations, including technologies around e-commerce, digital payment, digital services, digital training, etc. As of now, such technologies are monopolized by technology giants. Chinese institutions can set up multi-language digital platforms to improve the free flow of information between China and other countries and better matchmake supplies and demands.

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	Topic	Speaker	Title
#1	Webinar Toward a Sustainable Financial Ecosystem of Cross-border E-commerce	Ms. Zhang Yanling	Former Vice President of Bank of China, Senior Researcher of Chongyang Institute of Finance, Renmin University of China
		Mr. Tang Min	Counselor of the State Council, Founder of the China Cross-border E-commerce 50-person Forum
		Mr. Liu Ran	Vice President of Public Affairs, MasterCard China
#2	The Construction of 'Two Platforms and Six systems' in China's Integrated Cross-border E-commerce Pilot Zones	Prof. Wang Jian	Professor, the College of International Economics and Trade, University of International Business and Economics, Director of International Business Research Center
		Ms. Xu Ping	President of Henan Bonded Group, the 3rd Co-Chairman of the China Cross-border E-commerce 50-person Forum
		Ms. Wu Changhong	Director of Public Relations
#3	E-commerce for Poverty Alleviation	Ms. Zhang Jing	Deputy Secretary-General of China YouCheng Social Entrepreneur Foundation
		Ms. Wu Xiuyuan	Former Deputy Director of the Information Center of the Ministry of Agriculture and Rural Affairs of the People's Republic of China, Vice President of China Agri-Products Marketing Association
		Dr.Hany Besada	Senior Research and Programme Advisor, United Nations Office for South-South Cooperation
		Mr. Sun Yuanzhong	Director of Comprehensive Division, Chongqing Poverty Alleviation and Development Office

	Topic	Speaker	Title
#4	Interpretation of New Policies, Laws and Regulations of Cross-border E-commerce	Mr. Ma Shuzhong	President of China Digital Trade Research Institute of Zhejiang University, Distinguished Professor of QSTHEORY.CN
		Ms. Ning Xia	Director of E-commerce Division, Guangzhou Municipal Commission of Commerce
		Mr. Li Mingtao	President of Research Institute of China International Electronic Commerce Center, Chief Expert of China International Electronic Commerce Center, Ministry of Commerce of the People's Republic of China
#5	Reforming Cross-border E-commerce Training Models	Prof. Zhang Xuezheng	Professor of E-Commerce, Shanghai University of International Business and Economics
		Mr. Xiao Feng	Senior expert of government affairs of Alibaba, Vice Present of OneTouch, E Expert group leader of Customs and Trade Facilitation Committee of ICC (China)
		Ms. Zheng Yanxue	Head of eBay E-Youth Cross-border E-commerce Talent Training Project
#6	Product Selection and Brand Marketing in Cross-border E-commerce	Mr. Zhao Hua	Deputy Secretary General of China Advertising Association
		Ms. Liu Ying	BD Manager, JD Worldwide
		Mr. Gao Wenbo	Deputy Section Chief of Free Trade Department of Ningbo Customs

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#7	Sustainable Logistic Solutions in Cross-Border E-Commerce: Spotlighting Good Practices of City-to-City Cooperation	Mr. Sun Qi	Director of E-commerce Division, Department of Commerce of Henan Province
		Mr. Zhong Hongxing	Chairman of the Chamber of Hong Kong Logistic Industry
		Mr. Lv Chao	Deputy General Manager of Beijing Hongyuan Group
#8	Sustainable Payment Solutions in Cross-border E-commerce: Spotlighting Good Practices of City-to-City Cooperation	Prof. Yang Dong	Professor of Renmin University of China, Director of Fintech and Internet Security Research Center
		Ms. Sun Yiming	Director of Qingdao Cross-border E-commerce Comprehensive Pilot Zone Service Center
		Mr. Deng Fuhua	PhD in Economics, Researcher of Comprehensive Research Institute of Southwestern University of Finance and Economics China (Sichuan) Pilot Zone
#9	Sustainable Operation Solutions in Cross-border E-commerce: Spotlighting Good Practices of City-to-City Cooperation	Prof. Chen Jin	Professor, University of International Business and Economics, Consultant Expert on the Establishment of National E-commerce Demonstration City
		Mr. Wang Chonglun	Director of Public Affairs Department of DHGate.com
		Mr. Liu Yujian	Secretary General of Nanjing Cross-border E-commerce Association, China (Nanjing) Cross-border E-commerce Comprehensive Pilot Zone
#10	Sustainable Solutions in Cross-border E-commerce Supply Chains: Spotlighting Good Practices of City-to-City Cooperation	Ms. Zheng Yuhong	Member of the Expert Committee of APEC Cross-border E-commerce Innovation and Development Research Center, International Strategy Director of the National Engineering Laboratory for E-commerce Technologies
		Mr. Wang Zhidong	Director of Industrial Investment and Promotion, Tianjin Municipal Bureau of Commerce
		Mr. Chen Bohua	President of PANEX Limited

	Topic	Speaker	Title
#11	South-South Cooperation and Cross-border E-Commerce Governance in the Digital Era	Dr. Denis Nkala	UNOSSC Regional Coordinator (Asia-Pacific)
		Prof. Ravishankar Sharma	Associate Professor, College of Business and Law, University of Canterbury, New Zealand
		Ms. Mousumi Das	Associate Fellow at the National Council of Applied Economic Research in New Delhi, India
		Ms. Zhang Yanling	Former Vice President of Bank of China, Senior Researcher of Chongyang Institute of Finance, Renmin University of China
#12	The Role of Belt and Road Initiative in Advancing Fintech in the Cross-Border E-Commerce Sector in Developing Countries	Dr. Hany Besada	Senior Research and Programme Advisor, UNOSSC
		Prof. Gregory Thomas Chin	Associate Professor, York University
		Mr. Jamie Macleod	Trade Policy Expert, United Nations Economic Commission for Africa
		Mr. Tian Tan	Director of Financial Research Center at Lexin Inc.
		Ms. Sun Yiming	Director of Qingdao Cross-border E-commerce Comprehensive Pilot Zone Service Center

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#13	Interpretation of the World Customs Organization's Framework of Standards on Cross-border E-commerce	Mr. Sun Xiangyang	Co-chair of the World Customs Organization Working Group on Cross-border E-commerce
		H.E. Mr. Dzmitry Kavalionak	Official Representative of the State Customs Committee in the Embassy of the Republic of Belarus to the People's Republic of China, Counselor of Customs Service the Second Rank
		Dr. Wen Chen	Centre for New Structural Economics, Peking University
#14	South-South Cooperation and COVID-19 Responses of Cross-border E-commerce SMEs in Developing Countries	Dr. Xiaojun Grace Wang	UNOSSC Deputy Director
		Dr. Karin Vazquez	Associate Professor and Assistant Dean for Global Engagements and Executive Director, Center for Africa, Latin America and Caribbean Studies, O.P Jindal University, India and a Fudan Scholar at the Center for BRICS Studies, Fudan University
		Mr. James Howe	Senior Advisor, International Marketing, Branding and E-Commerce at the International Trade Centre in Geneva
		Mr. Frejus Thoto	Executive Director, Actions for Environmental and Sustainable Development (ACED)
		Mr. Liu Yujian	Secretary General of Nanjing Cross-border E-commerce Association, China (Nanjing) Cross-border E-commerce Comprehensive Pilot Zone

	Topic	Speaker	Title
#15	Innovative Practices of E-Commerce in China and Good Practices of Regional Cooperation	Dr. Hany Besada	Senior Research and Programme Advisor, UNOSSC
		Mr. Tunde Fafunwa	Lead Advisor, Digital Centre for Excellence-Identity, Trade and Economy, United Nations Economic Commission for Africa
		Mr. Quan Zhao	Trade Policy Advisor Division for Market Development International Trade Centre
		Prof. Nir Kshetri	Professor, University of North Carolina-Greensboro, Research fellow at Kobe University
		Prof. Qiulin Chen	Deputy Director, Health Sector Development Research Center, Chinese Academy, Social Sciences (CASS)
		Dr. Renata Thiebaut	Head of Business Intelligence at Web2Asia in Shanghai and is an Alibaba GET Network and Advisory Board Member at the Alibaba Business School
		COO at Green Proposition	Trade Policy Expert, United Nations Economic Commission for Africa
		Dr. Pooja Jain-Grégoire	Research associate with the Institute for Global Dialogue, Pretoria
		Adjunct lecturer of International Development at Sciences Po.	Director of Qingdao Cross-border E-commerce Comprehensive Pilot Zone Service Center



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